

International Business News

Dreamliner makes first overseas landing

REUTERS, Farnborough, England

Boeing Co's new 787 Dreamliner touched down in Britain on Sunday on its first trip outside the United States, thrilling hordes of eager planespotter who came out to see the breakthrough carbon-composite plane.

A media circus ensued, as Boeing executives, including CEO Jim McNerney, emerged smiling from the plane. Social media was active with blow-by-blow coverage of the arrival, pointing to the intense interest in the plane not only within the business but also in the broader flight-enthusiast community.

The 787 is expected to take the spotlight at next week's Farnborough Airshow. Last-minute technical issues had raised fears in recent weeks that the plane might not make its long-anticipated trip to the show, but the plane arrived doing a flyover with a "tilt and wave" before landing.

Test pilot Mike Bryan told reporters that landing on Farnborough's short runway after the nine-hour flight reminded him of his time landing on aircraft carriers in the Navy. But he was full of praise for the plane.

"One thing I can say right now is we could literally put fuel in it and passengers could go flying in it," he said.

The aircraft promises greater fuel efficiency and its lightweight materials and innovative design have captured the imagination of the industry.

Telefonica deal to buy Brazil's Vivo falls apart

AP, Madrid

Spanish telecommunications giant Telefonica on Saturday pulled out of negotiations to acquire a euro 7.15 billion (\$9.3 billion) stake in Brazil's leading cell phone company Vivo.

Telefonica said in a statement to Madrid's stock exchange early Saturday that the deal fell through after Portugal Telecom's board of directors failed to accept the Spanish company's offer by the deadline.

"The deal has been extinguished," Telefonica said. Though PT shareholders voted two weeks ago to accept the offer, the Portuguese government used special voting rights to block the sale, citing national interests.

The European Union's Court of Justice then ruled that the Portuguese government's blocking of the deal was illegal.

Telefonica and PT each own 50 percent of Brasilcel, a Dutch holding company which owns 60 percent of Vivo. The Spanish company's offer was to buy PT's half of Brasilcel and following the court's finding it extended the offer until July 16.



AFP
Palestinian boys wear cowboy hats as they wait for customers crossing through the Israeli-controlled Jalama checkpoint near the northern West Bank city of Jenin on Saturday. The checkpoint was reopened recently for Israeli vehicles, enabling the flow of commercial goods to and from Jenin and helping to improve the economy in the northern West Bank.

Austerity hurts consumers in Europe, Asians upbeat

REUTERS, London

A drop in consumer confidence in Europe amid worries about the region's debt crisis is holding back a recovery in global consumer sentiment and weighing on the broader economic outlook, a survey showed on Sunday.

Sentiment in euro zone states Spain, France and Italy fell between the first and second quarters as European countries drew up austerity measures to tackle debt amid fears of contagion from Greece's debt crisis, the survey by the New York-based Nielsen Company showed.

Global consumer confidence as a result was virtually unchanged in the second quarter from the previous three months despite rising optimism in Asia and Latin America as well as a slight uptick among consumers in the United States.

"While the global economy is in better shape than it was nine months ago, the ongoing European debt crisis is a major setback to the global economic recovery anticipated this year," said Venkatesh Bala, chief economist at the Cambridge Group, a unit of the Nielsen Group.

A recovery in consumer spending in the United States would depend on job creation.

Ford, Jiangling break ground on \$300m China plant

REUTERS, Shanghai

Ford Motor and its partly-owned Jiangling Motors Corp broke ground on Sunday on a \$300 million vehicle plant in central China as the partners speed expansion in the world's largest auto market.

The facility, capable of producing up to 300,000 units annually, will start operation at the end of 2012, the U.S. automaker said in a statement.

Jiangling, 30 percent controlled by Ford, currently operates two plants, with combined capacity of 210,000 units, making JMC and Ford's Transit models.

Models carrying Ford and JMC nameplates will be made at the new facility, it said.

MANAGEMENT

Good is not good enough

Analysts say total quality management reduces flaws in systems

SUMAN SAHA

Pictures hang in front of the factory office building, showing workers participating in different training programmes that are held regularly.

The training is meant to improve the day-to-day management practices at Confidence Steel factory in Nayapur, Narayanganj.

It is all about total quality management (TQM). TQM entails continuous quality improvement by believing, "Good is not good enough. There is always scope to be better."

It is a top-down process and a means to an end, not an end itself.

As the TQM best practice, the factory manager of Confidence Steel submits weekly production figures, machine breakdown and total machine-running hour reports through statistical diagrams to the headquarters by email.

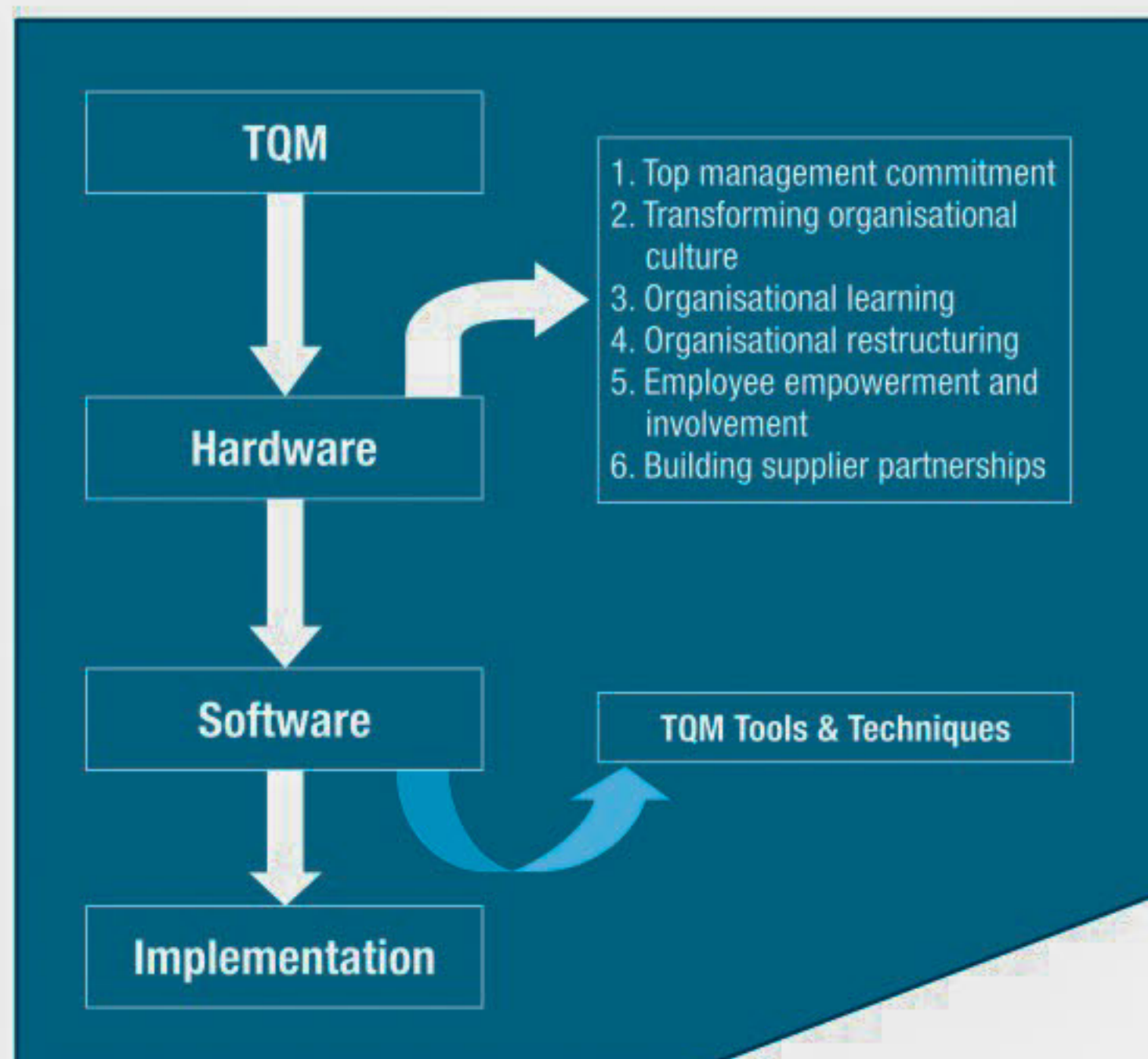
Simultaneously, the top management responds by email as well, instructing new target points by revising the earlier ones. This makes it easy for the factory manager to forward the new target line to workers instantly.

Md Abdul Alim, assistant general manager of the factory, took part in a two-week training on TQM in Japan in 2009.

Following the intensive training sessions, he began implementing the TQM tools and techniques, with full support from the top management.

TQM is a management philosophy of continuous quality improvement, along with cost reduction in an environment of participative management through self-directed team development and employee empowerment.

It pursues a culture that supports quality where trained human resources focus on monitoring process variation by using



the necessary tools and techniques to gain competitive advantages through customer satisfaction.

Business firms all over the world are now facing fierce competition because of the liberalisation of trade and globalisation. Foreign competition has penetrated into almost all industries, both in the production and service sectors.

The key to competing internationally is to simultaneously and continually improve quality and productivity.

It is evident that the companies that will dominate markets in the present century will be those that can deliver competitively priced, high quality products in a way that meets the needs of customers and exceeds their expectations. This realisation in the recent past has led to quality movement, popularly known as TQM.

According to quality control specialist professor Kaoru Ishikawa, "Ninety-five percent of quality problems at actual sites are solved by the 7 QC tools."

And so, Alim used all the seven

quality control (QC) tools -- Pareto chart, histogram, fish bone diagram, stratified diagram, control charts, check sheets and scatter diagram -- for efficient management.

"Now, every section of my company submits reports, which has ultimately increased productivity and made the communication system effective," says Alim.

The company has seen the benefits of this management practices within six months.

Director Salman F Karim says, thanks to the TQM tools and techniques, the company's product defective rate now hovers around 1 percent to 2 percent, down from around 10 percent to 12 percent previously.

The modern concepts of quality management were born in Asia, particularly in Japan, after the Second World War.

A pioneer in the field, Dr W Edward Deming visited Japan in 1951. The Japanese embraced his 14 points, the basis for TQM there.

Deming had little success in convincing American businesses to adopt TQM, but his manage-

ment methods were readily adopted in Japan.

In the 1970s and 1980s, many American companies, including Ford, IBM, and Xerox, began adopting Deming's principles. This gradually led them to get back some markets that were previously lost to the Japanese.

"TQM in Bangladesh is now at a nascent stage, as most do not know the proper meaning of quality and its importance," said AMM Khairul Bashar, secretary general of Bangladesh Society for Total Quality Management (BSTQM).

BSTQM is prioritising educational institutions in embracing quality management systems.

Several educational institutions are practising Students Quality Control Circles successfully. This voluntary organisation arranges annual quality convention in the field of education and manufacturing.

The Bangladesh AOTS (Association for Overseas Technical Scholarship) Alumni Society dispatches 60-70 executives to Japan every year, to train them in Japan on TQM and related subjects.

He further added that Power Grid Company of Bangladesh, Haripur Power Station, Padma Cap, The Structural Engineering Ltd, Equity Property Management Ltd, and Bangladesh Power Development Board have successfully implemented TQM, while Rahimafrooz Battery Ltd, Orion Laboratory, Orion Infusion, ACME and Nandan Kanon Housing Limited have started the programmes.

"We are at the initial stages in TQM implementation but so far, we got huge benefits in terms of cost reduction and productivity," says Md Khalilur Rahman, general manager for IDS Group, an apparel maker.

He says by applying just one TQM tool, there are only 1 to 2 defects per hundred units, while there were 9 to 10 defects previ-

ously.

"Commitment by the top management and dynamic leadership are a must in order to successfully implement the TQM programme," said Dr MA Mannan, professor of management studies at Dhaka University.

"A few companies like Advance Development Technologies Ltd and Amicus Properties initiated the TQM programmes, but they did not continue due to a lack of commitment by the top management," says the secretary general of the BSTQM.

The assistant general manager of Confidence Steel also says that he succeeded in implementing the project successfully for the support from the top management.

The Dhaka University professor spelt out the TQM programme in two dimensions -- organisational and technical.

He says the organisational dimension, known as hardware, includes top management commitment, employee participation, an organisational learning culture and building long-term relationship with suppliers. These are the basics in successful TQM implementation.

The technical dimensions, also known as software, include TQM tools and techniques such as Pareto charts, histograms, fish-bone diagrams, force field analysis, nominal group technique and Delphi method.

Business firms should think about TQM as a corporate social responsibility, as it helps employees develop their skills and capacity through which the firms gain a competitive edge, says Bashar. These skilled human resources also benefit the society, he adds.

As the workers of Confidence Steel are busy adopting new standards, breaking and modifying the earlier ones, they know that the improvement of quality has no destination; rather it is the beginning of a journey.

SPECIAL REPORT

AgBank's surprise shows China lure

REUTERS, Hong Kong

Hong Kong investment bankers were just wrapping up work ahead of the long Easter weekend in early April when they were hit with a proposition that would upend their holiday plans.

Agricultural Bank of China, the country's third-largest bank, was asking bankers to bid for its highly anticipated initial public offering -- one that had not been expected until later in the year, or even 2011.

Within hours, every Western bank in Hong Kong was hurriedly sending teams on flights to Beijing to prepare for the pitch session of their life -- an opportunity to underwrite what could be the largest IPO ever.

A veritable Easter parade of equity capital market bankers in Beijing tried to convince AgBank's top executives they should be selected to lead and underwrite the lender's plans to go public.

This would be the IPO prize of their careers, a deal estimated at first to target \$30 billion, or nearly one-third bigger than the world's largest IPO to date.

Hundreds of million of dollars in fees were at stake.

The IPO not only reflected China's rapid growth and economic prowess, but underscored as well an emerging new order of global financial institutions.

Four years ago, Chinese banks were upstarts, lumbering newcomers saddled with bad debts and seeking the advice of Western institutions. Now, China is home to the two largest banks in the world by market capitalisation, hardly blinking when the financial crisis brought Western peers to their knees.

As the last of China's major banks to go public, AgBank did not seek a Wall Street group or European lender to form a strategic partnership before the IPO. Instead, those banks threw themselves at the feet of AgBank and Chinese government officials for the chance to work on such an important deal, even if it meant earning a below-rate fee.

One banker who attended the pitch session was initially struck with how organ-

ised and prepared AgBank's executives were. Then it hit him: AgBank wanted to complete the offering in July, a little over three months away.

"It was surprising in terms of how much prep work had been done. And the time line was really aggressive," said the banker. "We didn't have enough information at the time to have us determine whether or not they could pull it off by that July time frame."

With AgBank Vice President Pan Gongsheng in charge, however, they quickly learned how this would happen.

"Dr. Pan ran this deal," said another banker involved in the deal, reflecting the respect of the bankers, who all call him "Dr Pan."

This was the same man in charge of Industrial and Commercial Bank of China's (ICBC) world record \$21.9 billion public float in 2006. The stringent rules he assigned to that process, were applied to the AgBank deal as well. And then some.

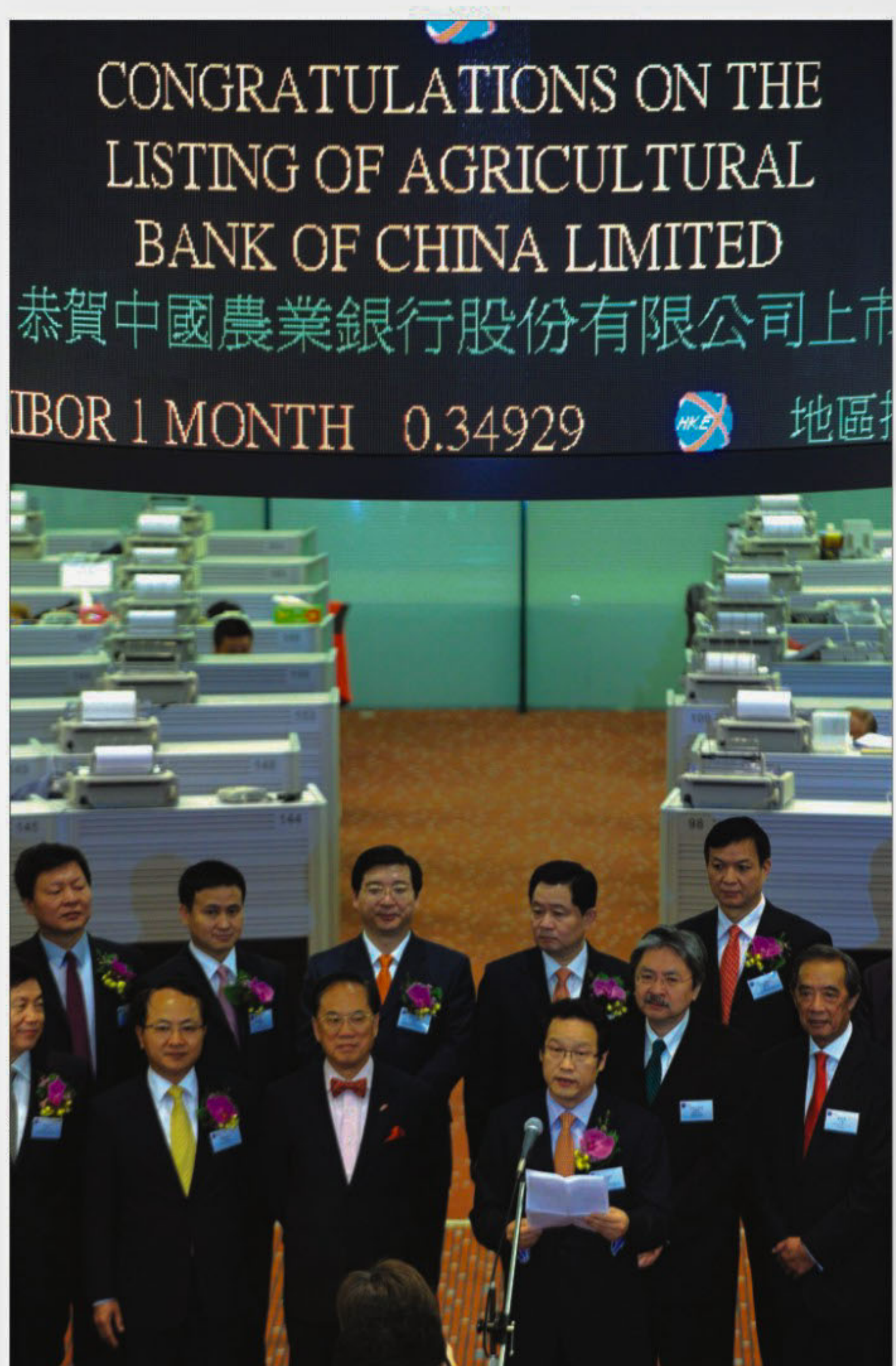
The 10 banks selected to handle the IPO were given several requirements. One was that the banks must have at least two representatives located at all times within Beijing's three ring roads -- the main thoroughfares surrounding the Forbidden City.

AgBank executives took attendance and graded performances.

A key element in the process, according to those involved, was the willingness of AgBank's management team to fly around the world to see investors before the roadshow. They visited mutual funds in Boston, and sovereign wealth funds in the Middle East, to ensure the message was clear from the start.

"They did a pretty good job of addressing their history. If they were asked 'aren't you the worst of China's top banks?' They'd say look, we were a policy bank, but now we're becoming a commercial bank and we're interested in driving profit," one of the bankers said.

As of three years ago, AgBank had so many bad loans on its book, it was technically insolvent. People knew it as a rural lender that dished out low margin loans to farmers in accordance with state policy, and which had little or no presence in major cities.



AFP
Xiang Junbo, chairman of Agricultural Bank of China, speaks on the trading floor at the banks listing ceremony in Hong Kong on July 16. The bank made its debut on the Hong Kong stock exchange in a closely watched dual listing that could become the world's largest share sale.